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March 27, 2015

19044604872
Jeff S. Jordan
Assistant General Counsel
Complaints Examination & Legal Administration
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: Response of America Takes Action, Inc. in MUR 6907

Dear Mr. Jordan:

This letter is submitted on behalf of America Takes Action, Inc. ("ATA" or "Respondent") in response to the Complaint filed on December 11, 2014 by the American Democracy Legal Fund ("ADLF") in the matter designated by the Commission as MUR 6907. For the reasons set forth herein, ATA denies the allegations contained in the politically-motivated and poorly-researched Complaint. In short, ATA has not violated the Federal Election Campaign Act of 1971, as amended (the "Act").

I. Introduction. As noted in the response previously submitted in this MUR on behalf of former Arkansas Governor Mike Huckabee, ADLF is a recently-established 527 organization created by David Brock to serve as an "overtly partisan watchdog group." See Kenneth P. Vogel, *Media Matters' David Brock Expands Empire*, Politico (Aug. 13, 2014). Mr. Brock claims to believe that "the vast amount of violations of the public trust can be found on the conservative side of the aisle." *Id.* As such, his new group exists solely to harass Republicans and conservatives with frivolous complaints and sensational allegations. The instant Complaint is a perfect example of Mr. Brock's misguided, partisan efforts.

The crux of the Complaint in this case is that ATA - a section 501(c)(4) social welfare organization that has actually been in existence since 2008 - was "recently created" by Governor Mike Huckabee "to plan [his] 2016 presidential run." Relying on less than a handful of media accounts, the Complaint contends - or, more to the point, it speculates - that certain individuals

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"are currently being compensated by ATA to explore the feasibility of [Governor Huckabee's] candidacy for president." Based on this inaccurate speculation, the Complaint unabashedly and erroneously asserts that Governor Huckabee "is using corporate money to fund his testing the waters activities in violation in 11 C.F.R. § 100.72." Complaint at 1.

These allegations, which are not supported by any actual evidence, are false. Indeed, the Complaint does not cite even a single purported testing the waters expenditure that was supposedly made by ATA. As explained in more detail below, ATA is a section 501(c)(4) organization that has long advocated for, and educated the public on, conservative approaches to certain public policy issues.

In addition, Governor Huckabee has also established a separate testing the waters committee. To the extent that testing the waters expenses are incurred, such costs will be paid for by that committee, and solely out of funds that are permissible under the Act. As such, the Commission should dismiss this frivolous complaint.

II. Factual Background / Analysis. The Complaint begins by presenting the Commission with demonstrably false information. In particular, the Complaint states at the outset that ATA was "recently created." Complaint at 1. ATA was not, however, "recently created" - in fact, it is an Arkansas nonprofit corporation that dates back to 2008. The fact that the Complaint proffers factually inaccurate information in its very first sentence should tell the Commission a great deal about the reliability of ADLF's allegations generally.

On June 2, 2008, Vertical Politics Institute, Inc., filed Articles of Incorporation in Arkansas. See Exhibit A. As is expressly noted in the Articles, the corporation was established as a section 501(c)(4) organization whose purpose was "to further the common good and general welfare of the citizens of the United States of America by educating the citizens of the United States about public policy issues, including economic, social, education, tax, and national defense policies." On April 11, 2014, Vertical Politics Institute changed its name to America Takes Action, Inc. See Exhibit B (Articles of Amendment from the Arkansas Secretary of State). This is not a "recently created" organization; it is the same organization, with the same purpose and mission, but just a new name. The information on the name change is publicly available through the Arkansas Secretary of State, and should have been known to the Complainant.

The Complaint next falsely identifies Chip Saltsman, Bob Wickers, Sarah Huckabee, and Alice Stewart as "ATA employees." Complaint at 3. The Complaint is once again incorrect. While some of these individuals are independent contractors to ATA, none of them is an ATA employee. One of them is an ATA board member. Each provides work and services to a variety of clients. To the extent that they are paid by ATA, they are paid to educate the public about the

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conservative public policy positions and issues that ATA exists to promote. They are not paid by ATA to test the waters for any potential candidacy.

The Complaint's speculation that these individuals are being paid by ATA to test the waters is premised primarily on the observation that certain of these individuals were also involved in the Governor's 2008 federal campaign. As the Commission has noted in numerous advisory opinions, however, an individual may wear multiple hats. The fact that an individual serves in one capacity, or has previously served in that capacity, does not mean he or she cannot also act in another capacity. See AO 2007-05 (Iverson); AO 2005-02 (Corzine II) ("the individual may be an agent of Corzine for Governor for a number of purposes related to raising and spending funds and yet perform other acts that are not on behalf of Corzine for Governor"); AO 2003-10 (Rory Reid) (an individual "may at different times act in his capacity as an agent on behalf of the State Party and act as an agent on behalf of Senator Reid"). Under well-established Commission precedent, an individual may provide social welfare consulting services to an organization such as America Takes Action, and also provide unrelated political counsel to an individual, without the Commission conflating those two separate roles.

The Complaint also fails to support its vague and speculative allegations with any actual evidence. For example, while the Complaint alleges that Governor Huckabee is "testing the waters," and that he has "taken several measures to explore and plan for his candidacy," Complaint at 1&2, the Complaint does not actually identify these "several measures," or provide any evidence to support this allegation.

The only such "measure" cited is the speculative assertion that "ATA employees, are reportedly currently looking for a space in Little Rock, Arkansas to serve as campaign headquarters." This allegation was false. On this issue, ATA does have a lease for certain property in Little Rock, Arkansas, but it is assigning that lease to Governor Huckabee's testing the waters committee. The testing the waters committee will pay for all costs of the lease that relate to testing the waters activities. Out of an abundance of caution, the testing the waters committee is even reimbursing ATA for the cost of the security deposit. If Governor Huckabee ultimately decides not to run for President, then the lease will be assigned back to ATA for use in connection with its social welfare activities.

The Complaint also relies on a very small number of news articles which are, in and of themselves, general and speculative. For example, the Complaint relies heavily on a Washington Post article that reports the Governor Huckabee "is reconnecting with activists and enlisting staff," and "being more aggressive in taking on meetings." Complaint at 2. Nothing in these vague contentions provides any evidence in support of the allegation that ATA has funded any testing the waters expenditures. Indeed, the Complaint does not even attempt to explain how

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ADLF came to the conclusion that these supposed activities involve financial expenditures, much less that they involve financial expenditures by ATA, for testing the waters purposes.

III. Conclusion. The Commission has previously explained that it:

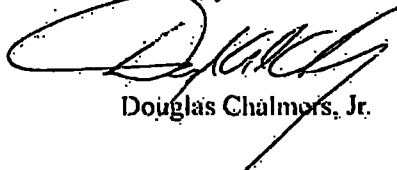
may find "reason to believe" only if a complaint sets forth sufficient specific facts, which, if proven true, would constitute a violation of the FECA. Complaints not based upon personal knowledge must identify a source of information that reasonably gives rise to a belief in the truth of the allegations presented. . . . Unwarranted legal conclusions from asserted facts . . . or mere speculation . . . will not be accepted as true.

MUR 4960 (Clinton) (Statement of Reasons of Commissioners David M. Mason, Karl I. Sandstrom, Bradley A. Smith and Scott E. Thomas at 1-2); MUR 5467 (Moore) (First General Counsel's Report at 5 (quoting MUR 4960)) (emphasis added).

In the present matter, the very few factual allegations in the Complaint that are stated with specificity, such as that ATA was "recently created," are false. The remaining allegations are vague, speculative, and lack any evidentiary support. As noted above, the Complaint fails to cite even a single purported expenditure made by ATA that would amount to testing the waters. Finally, as noted, Governor Huckabee has quite properly established a separate testing the waters committee to cover any such expenses.

For the foregoing reasons, as well as for the reasons set forth in the response submitted by Governor Huckabee to the related complaint in this MUR 6097, ATA respectfully requests that the Commission dismiss the Complaint.

Sincerely,



Douglas Chalmers, Jr.

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16044394876

STATE OF ARKANSAS



Charlie Daniels
SECRETARY OF STATE

To All to Whom These Presents Shall Come, Greetings:

I, Charlie Daniels, Secretary of State of Arkansas, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

Articles of Incorporation

of

VERTICAL POLITICS INSTITUTE, INC.

filed in this office June 2, 2008 in compliance with the provisions of the law and are hereby declared a body politic and corporate, by the name and style aforesaid, with all the powers, privileges and immunities granted in the law thereunto appertaining.

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 2nd day of June 2008.



Charlie Daniels
Secretary of State

ARTICLES OF INCORPORATION

VERTICAL POLITICS INSTITUTE, I

VERTICAL POLITICS INSTITUTE, INC. ARTICLES OF INCORPORATION

**We, the undersigned, acting as incorporators of a corporation under
profit Act (Act 1147 of 1993), adopt the following Articles of Incorporation**

FILED: 08/02/08, NPAGES: 2

**Arkansas Secretary of State
Business Services Division**

- First:** The name of this corporation shall be Vertical Politics Corporation, Inc.
- Second:** The Corporation shall be a mutual benefit corporation.
- Third:** The Corporation shall have no members
- Fourth:** The Corporation is established primarily to further the common good and general welfare of the citizens of the United States of America by educating the citizens of the United States about public policy issues, including economic, social, education, tax, and national defense policies.

No part of the net income of the Corporation shall inure to the benefit of or be distributed to its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services actually rendered and to make payments and distributions in furtherance of the purpose and objects set forth in this Article.

Notwithstanding any other provision of these Articles, this corporation shall not carry on any activity not permitted to be carried on by an organization exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code of 1986, or corresponding provision of any future United States Internal Revenue law.

Upon dissolution of the corporation or the winding up of its affairs, the assets of the Corporation shall be distributed to another organization organized and operated exclusively for charitable purposes or for social welfare purposes as described in section 501(c)(4).

- Fifth:** The address of the corporation's initial registered office shall be 425 West Capitol Avenue, Suite 1700, Little Rock, AR, 72201. The registered agent at this office shall be The Corporation Company.

- Sixth:** The name and address of the incorporator is:

Karen Blackistone
98 Alexandria Pike, Suite 53
Warrenton, V.A 20186

Seventh: The initial Board of Directors shall consist of three persons. The names and address of the initial Directors of the Corporation shall be:

John B. Saltzman, Jr.
6221 Brownlee Dr.
Nashville, TN 37205

Kevin Crass
400 West Capitol Avenue
Suite 2000
Little Rock, AR 72201

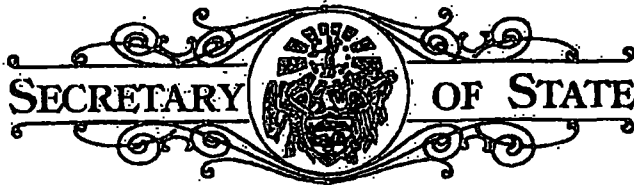
Lauren Huckabee
2 Cedar Point Court
Little Rock, AR 72211

IN WITNESS WHEREOF, we have hereunto set out hands this 20th day of May, 2008.



Karen Blackistone, Incorporator

STATE OF ARKANSAS



Mark Martin

ARKANSAS SECRETARY OF STATE

To All to Whom These Presents Shall Come, Greetings:

I, Mark Martin, Arkansas Secretary of State of Arkansas, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

Articles of Amendment

of

VERTICAL POLITICS INSTITUTE, INC.

changing the name to

AMERICA TAKES ACTION, INC.

filed in this office
April 11, 2014.

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 11th day of April, 2014.



Mark Martin

Arkansas Secretary of State



Certificate of Amendment

Does this Amendment include a share exchange? **NO**

The undersigned pursuant to the Arkansas Business Corporation Act of 1987, (Act 958 of 1987), sets forth the following:

1. The name of the corporation is
VERTICAL POLITICS INSTITUTE, INC.
and is duly organized, created and existing under and by virtue of the laws of the State of Arkansas.
 2. The amendment to the Articles of Incorporation was adopted on
11 day of, **APRIL, 2014.**
 3. The Articles of Incorporation are amended as follows:
**WE WISH TO CHANGE THE NAME FROM
VERTICAL POLITICS INSTITUTE, INC. TO
AMERICA TAKES ACTION, INC.**
 4. If an amendment provides for an exchange, reclassification or cancellation of issued shares and such provisions are not contained in the amendment itself, state the provisions for the implementation.
N/A
- 5a. ☒ The Amendment was adopted by the incorporators or board of directors of the corporation, no action by the shareholders was required to adopt the amendment.

OR

- 5b. The amendment was approved by the shareholders.
- (number of shares)
shares of are outstanding.
- (number) votes are entitled to be cast
by each voting group entitled to vote separately on the amendment.
The number of votes of each voting group indisputably represented
at the meeting was .

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